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22 SEP 1977

77-1312/8

MEMORANDUM FOR: Acting Deputy Director of Central Intelligence
VIA: Acting Deputy Director for Administration
FROM: James H. McDonald 25X1
Director of Logistics
SUBJECT: Relationships with Agency Contractors 25X1A
REFERENCES: (a) Memo to A-DDA fm A-DDCI by [redacted] 25X1
same subject [redacted]
(b) Memo to A-DCI, dtd 16 Aug 77, fm A-DDA,
same subject [redacted] 25X1
(c) Memo to A-DCI, dtd 11 Aug 77, fm A-DDA,
same subject [redacted] 25X1

25X1 1. Action Requested: It is requested that you sign the Attachment 1 memorandum to the Deputy Directors of CIA which establishes Agency policy on responding to non-Agency, non-U.S. Government contractor requests for guidance on marketing or distribution of products developed under Agency contracts.

25X1 2. Background: This memorandum addresses two discrete subjects, i.e., (a) the handling of QRC's, and (b) requests by contractors for Agency comment on nonofficial transactions, which are related only in that they impact on relationships with our contractors. An Inspector General (IG) report of 2 May 1977 (not referenced above) on the [redacted] contained information that the Agency's comments had been sought and provided on certain private transactions of an Agency contractor. Other transactions [redacted] involved Agency QRC procedures.

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OL 7 4363

Approved For Release 2002/05/16: CIA-RDP80-00473A000200040012-7

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SUBJECT: Relationships with Agency Contractors

25X1

As a result of these cases, the Deputy Director of Central Intelligence directed that a task force develop a policy concerning requests by Agency contractors for comment on such transactions. The task force included representation from the Offices of the Inspector General, Logistics, Security, General Counsel and the DD/S&T.

The reference (a) memorandum was proposed by the task force chairman for issuance by the then DDCI (Mr. Knoche) as a statement of policy on the subject. Said memorandum was referred by the A-DDCI to the A-DDA for review and comment prior to signature. Requested comment was provided by reference (b). Additional comment, also at the request of the A-DDCI, was provided by reference

Reference (a) proposed that contractor requests for guidance on non-Agency, non-U.S. Governmental transactions be referred to the Offices of Logistics and General Counsel for a joint response. References (b) and (c) recommended that such responses be made by the office head or deputy director concerned since they are most knowledgeable on matters of classification and/or sensitivity on their products. The entire matter was ultimately referred back to this Office for preparation of a policy statement which would reflect task force findings as modified by references (b) and (c), and development of a procedure for handling Quick Reaction Contracts.

25X1 3. Staff Position: We agree with the findings of the task force as modified by references (b) and (c), and have developed an appropriate policy statement for dissemination to the CIA deputy directors. The basic points covered in the statement are: (a) Questions from contractors on non-Agency, non-U.S. Government transactions which relate in any way to an Agency contractual relationship should be referred to the cognizant contracting officer for reply. (b) Questions on non-Agency, non-U.S. Government transactions without contractual implication should be referred to the office head or deputy director concerned for a direct reply. (c) All contractor queries merit a response, and (d) Contractors seeking legal advice should be referred to their own counsel.

SUBJECT: Relationships with Agency Contractors

25X1

We further agree with the task force and the Inspector General that some tightening up in the handling of Quick Reaction Contracts is in order. A Procurement Note is attached for your information which establishes the recommended procedure. The basic difference between this new procedure and previous practice is that it requires that authority to expend money or do work go only from the contracting officer rather than from the contracting officer's technical representative. The Procurement Note, as directed by reference (c), has been coordinated with our contracting officers and with the DD/S&T.

~~Signed: James H. McDonald~~

James H. McDonald

Attachment

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Next 1 Page(s) In Document Exempt

Approved For Release 2002/05/16 : CIA-RDP80-00473A000200040012-7

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